

UNITED STATES MARINE CORPS  
Financial Management School  
Marine Corps Combat Service Support Schools  
PSC Box 20041  
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FMO 0310  
JAN 2000

STUDENT OUTLINE

BUDGET EXECUTION ACTIVITY ACCOUNT RECONCILIATION

LEARNING OBJECTIVES:

1. TERMINAL LEARNING OBJECTIVE: Without the aid of the reference and given budget execution activity records, required accounting reports, required source documents, reconcile budget execution activity records in accordance with Student Outline FBTC 0211. (3404.07.06)

2. ENABLING LEARNING OBJECTIVES:

a. Without the aid of references, classify memorandum records in accordance with MCO P7300.20. (3404.07.06a)

b. Without the aid of references, classify official accounting records in accordance with MCO P7300.20. (3404.07.06b)

c. Without the aid of references, describe in writing the purpose of memorandum fund balance in accordance with MCO P7300.20. (3404.07.06c)

d. Without the aid of references and given source documents, maintain memorandum source document files in accordance with MCO P7300.20. (3404.07.06d)

e. Without the aid of references, list the SABRS reports used for Budget Execution Activity account reconciliation in accordance with MCO P7300.20. (3404.07.06e)

f. Without the aid of references, demonstrate the steps necessary to perform Budget Execution Activity account reconciliation in accordance with MCO P7300.20. (3404.07.06f)

## OUTLINE:

### 1. DEFINITIONS:

a. Memorandum records are records maintained by the budget execution activity which are the basis for recording authorizations, commitments, obligations, expenses, and liquidations to the official accounting records. Memorandum records are maintained for a total of five years (current year, -1, -2, -3, -4). Examples of memorandum records are:

- (1) Authorization Letters;
- (2) Requisition forms;
- (3) Obligation documents;
- (4) Expense forms, receipts and invoices;
- (5) Payment vouchers.

b. Official accounting records are those records generated by the Authorized Accounting Activity which reflect the "official" status of funds for a given Work Center Identification or Budget Execution Activity.

c. The status of funds or balances reflected in the official accounting records are a direct result of memorandum records recorded by Budget Execution Activities and the expenditures posted by the Authorized Accounting Activity.

### 2. PURPOSE OF MEMORANDUM FUND BALANCES:

a. SABRS is a real time system with the exception of the various external system interfaces, which update SABRS on an intermittent basis. Since the account balances in SABRS are not consistently accurate because of these external interfaces, a memorandum fund balance must be maintained by the BEA to keep an accurate balance. **The purpose of reconciling memorandum records against the official accounting records is to ensure that all transactions recorded to the official accounting records are posted properly and to provide the Budget Execution Activity an "up-to-date" status of the account.**

b. Manual memorandum fund balances are maintained using the last SABRS cycle available balance and subtracting from this amount any financial transactions that the Budget Execution Activity has created that have not yet posted in SABRS. The key for proper maintenance of a running fund balance is based on the memorandum source document files created and maintained by the Budget Execution Activity.

### 3. MEMORANDUM SOURCE DOCUMENT FILES:

a. Memorandum source document files are maintained to substantiate information processed into the accounting system, satisfy audit requirements, and to satisfy document retention regulations. These files are also maintained to provide users with information concerning all requisitions and orders affecting their funds and the status of those transactions in the accounting system. The status of documents will either be pending, posted or completed and they will all be filed in document number sequence.

b. Pending Documents: Pending documents are documents that have been initiated for obtaining material, supplies, TAD, etc. that have not been entered in the accounting system. Pending document files also contain received documents such as contracts, purchase orders, receiving notifications, etc. that have not updated the accounting system. The key to the pending file is that the documents in your possession have NOT been entered in to the accounting system.

c. Posted Documents: Posted documents are those documents that have had commitments, obligations, expenses, or payments processed and validated for accuracy in the accounting system. Document validation is accomplished through the use of cycle reports and system inquiries.

d. Pending and posted files may be created and maintained using various methods. They must be created along functional lines, that is, separate pending and posted files for TAD transactions and Material and Services transactions. The following files are recommended for maintaining source documents.

#### (1) AUTHORIZATION FILE:

(a) Pending File - The authorization pending file contains letters or messages providing authorization to spend funds that have not been recorded in the accounting system. This file will be maintained by the Budget Execution Activity, by fiscal year and filed in amendment number sequence with the latest amendment on top.

(b) Posted File - The authorization posted file contains letters or messages providing authorization to spend funds that have been properly recorded and verified for accuracy in the accounting system. This file will be maintained by the

Budget Execution Activity, by fiscal year and filed in amendment number sequence with the latest amendment on top.

(2) Material and Service Files: Memorandum files for a BEA whose functional responsibility is along Material and Services transactions, the memorandum files should be established as outlined below:

(a) Commitment Pending File - The commitment pending file will contain all material/service type requisitions (i.e. request for procurement actions, training requests, printing orders, reimbursable authorizations not yet accepted, etc.) that have been created and forwarded for obligation action but have not yet been posted in SABRS as a commitment of funds. Once the commitment is posted and validated in SABRS, The BEA will annotate the date, cycle posted, DIC and dollar amount on the document and the document will be moved to the commitment posted file.

(b) Commitment Posted File - The commitment posted file will contain all material and service type requisitions that have had a commitment posted in SABRS. Documents will remain in this file until the official obligation document (i.e., purchase order, contract, accepted reimbursable authorization, approved training agreement, accepted printing order, etc.) has been received by the user. Once the official obligation document is received, all documents pertaining to that specific document number will be combined and filed in the obligation pending file.

(c) Obligation Pending File - The obligation pending file will contain all official obligation documents that have not appeared on an official accounting report. Once the obligation appears on an accounting report, the BEA will annotate the obligation date, cycle number, DIC and dollar amount on the document and the obligation document will be moved to the obligation posted file.

(d) Obligation Posted File - The obligation posted file will contain all material and service type requisitions that have had an obligation posted in SABRS and are awaiting the delivery of the ordered goods or services. Once the goods and services are received (shipping/receiving document received, training completed, invoice for services received, etc.) an expense should be keyed into SABRS.

(e) Completed File - The completed file is a history file. Documents placed in this file have had all phases of the transaction cycle completed with all amount fields equal in SABRS. In other words, the material or service was ordered, received and the invoice was paid.

(3) Travel Files: Memorandum files for a BEA whose functional responsibility is along TAD transactions, the memorandum files should be established as outlined below:

(a) Pending File - The travel pending file contains all approved travel requests that have not yet been keyed into SABRS. Once the travel request is keyed into SABRS and a copy of the official orders is received, the request should be attached to the orders and moved to the posted file.

(b) Posted File - The travel posted file contains all travel orders produced through the system or manually created and obligated that have not yet been settled by the traveler. Once the settlement payment is posted in SABRS, the orders will be moved from this file to the settled file.

(c) Settled File - The travel settled file contains all travel orders which have had final settlement payments posted into SABRS to complete the individual entitlement portion of the travel orders. The Government travel request (GTR) portion will normally still be outstanding at the time the individual settles the travel claim and payment is processed in SABRS. Until the GTR payment is received and posted in SABRS, the TAD document is not complete. Once the GTR payment is posted in SABRS, the orders will be moved to the completed file.

(d) Completed File - The travel completed file is a history file. Orders placed in this file have had all phases of the transaction cycle completed affecting this document. All payments have been received, both for entitlement settlement and GTR. This transaction has all money fields (i.e., commitment, obligation, expense, and liquidation) equal in SABRS. If all money fields are not equal, the user should adjust the SABRS record to bring the commitment, obligation, and expense into balance with the payments received and posted for personnel entitlements and GTR.

#### 4. SABRS REPORTS USED FOR RECONCILIATION:

a. SABRS generates information through online or hard copy reports. These reports are produced based on a cycle, weekly

run, bi-weekly run, monthly, quarterly, and an annual basis. Reports are produced reflecting information from the spending process and most of the supporting files and they can be retrieved through INFOPAC, SMARTS or the Reports Inquiry Option after each SABRS cycle. These reports are needed for two purposes: To reconcile the information that was processed into the system and to obtain the current SABRS fund balance. Even if the user did not enter information into SABRS, the cycle reports need to be reconciled to validate external system interface transactions that affect fund balances.

b. There are several basic reports that are produced with each SABRS cycle which are essential for fund control and source document validation. Listed below are the major reports used by a BEA during a reconciliation process:

(1) Cost Account Reports:

(a) DFPBR035 - BEA (Budget Execution Activity) Management Report: This report provides the status of a budget execution activity for each fiscal year, subhead, object class, and subobject class codes. The report contains authorization, commitment, obligation, expense, and liquidation information affecting the budget execution activity. This report is cumulative to date.

(2) Spending Transaction Reports:

(a) DFPBS005A - Spending Error Report: This report will provide the budget execution activity with all transactions entered into SABRS for the cycle that failed to update the system due to some coding problem that failed to meet system edit requirements.

(b) DFPBR017 - Daily Transaction Journal: This report will delineate individual transactions that were processed against a BEA' account during a particular cycle. This report will reflect new or changed commitment, obligation, expense, and liquidation information affecting a specific source transaction by document number.

6. RECONCILIATION PROCEDURES:

a. The following general steps should be followed during the account reconciliation process:

(1) Obtain a schedule from the Defense Finance and Accounting Service (DFAS) of when SABRS cycles are scheduled to run during the week or month.

(2) The day after (no more than two days) a SABRS cycle has been executed, users should receive reports pertaining to their budget execution activities or budget Execution Subactivities.

b. After reports are received, information contained in the BEA/BESA's source document files will be checked against information contained in SABRS. This reconciliation should be conducted along functional lines (i.e., travel information reconciled against travel reports, material and services documents reconciled against material and services reports, etc.). Fund status information will be reconciled using Cost Account reports, spending transaction reports and memorandum source document files.

c. Before beginning the reconciliation process, it is of the utmost importance that your memorandum (pending, posted, etc.) files are properly established. Upon receipt of the official accounting reports, review them to ensure that they belong to your unit. Inspect the heading of each report making sure the fiscal year and the BEA/BESA are correct. If more than one cycle is received, arrange them in cycle number sequence. All steps must be accomplished for each cycle, beginning with the earliest and continuing through the latest.

d. Reconciliations are performed for each transaction that appears on the accounting report. The following are the steps necessary to complete the reconciliation:

(1) The first step is to reconcile the transactions on your DFPBR017 - Daily Transaction Report. You will need your pending and posted document files. To properly work this listing, each new transaction must be reconciled. Before you can reconcile each transaction, you first have to know what affect each Document Identifier Code (DIC) has on your account. The following is a list of the most commonly used DICs. SABRS Spending Process User Manual has a complete listing of all DICs.

DICs	EFFECT
CMT	Commitment
COB	Commitment and Obligation
COE	Commitment, Obligation, and Expense
DEC	Data Element Change
EXP	Expense
INT	Initiation
OBL	Obligation
OEX	Obligate and Expense
B7A	Commit, Obligate Expense DSSC Transactions
FA1	Liquidation IDB/DSSC Transactions
DXO	Liquidation

(a) Starting with the first transaction, look at the DIC and determine what the transaction is doing. If the transaction is a commitment, obligation, expense, liquidation or a combination, verify the following information:

1. Document Number
2. FIP
3. Quantity
4. Unit Price
5. Total Price

(b) Locate the document in the memorandum source document file and make sure the information verified above is identical on the source document. If the document was in the pending commitment file, move it to the posted commitment file. If the document was in the pending obligation file, move it to the posted obligation file. Annotate the cycle number, amount and action taken on the document tracking sheet as shown in the example below:

TRACKING SHEET		
DOCUMENT NUMBER : <u>  M9925592750001  _____</u>		
FIP: <u>  M99255 94 00 BF 026 2607 0001  _____</u>		
CYCLE #	DIC	DESCRIPTION OF ACTION TAKEN OR ACTION THAT NEEDS TO BE TAKEN
<u>9001</u>	<u>CMT</u>	<u>Posted Properly for 1000.00</u>
<u>9002</u>	<u>OBL</u>	<u>Posted properly for 1000.00</u>
_____		



(c) If the document is not in the pending files, check the posted files. If it is found in the posted file, this may be a duplicate posting and the document might need to be "backed out" or credited. If it is determined that this is a duplicate posting, annotate discrepancy on the document tracking sheet. You will need to induct the correcting transaction on the next SABRS cycle. This document will need to be placed in the appropriate (commitment or obligation) pending file until the correction post in SABRS. After the correction post move document to the proper posted file.

(d) If the document is not in the pending or posted file and research indicates that the document belongs to you, get a copy of the document, annotate the cycle number on the document tracking sheet and file it in the appropriate posted file.

(e) If no record is found and it is apparent that the document is not yours, record the document number on a document tracking sheet. Induct the correcting transaction on the next SABRS cycle. This tracking sheet will be placed in the appropriate pending file until the correction post in SABRS. After the correction post in SABRS, this tracking sheet needs to be maintained in the completed file.

(f) If the transaction is a liquidation, locate the document in the posted file and annotate the document tracking sheet with the amount liquidated and cycle number. If no expense has been posted in SABRS, induct the expense transaction on the next SABRS cycle. The amount of the expense transaction will be equal to the liquidation amount. You also must determine if the liquidation amount is a final or partial payment. If the payment is a partial payment this document will remain in the posted file until completely liquidated. If the liquidation is a final payment, you need to ensure that all money amounts (commitment, obligation, expense, and liquidation) equal. If the amounts do not equal you will need to induct the appropriate transaction to bring all money amounts equal.

e. After all transactions have been "worked", the next step is to complete the reconciliation report as shown below:

	7300
	DATE <u>50Oct99</u>
	RPT # <u>001</u>

From: Commanding Officer, Fund Administrator 94  
 To: Commanding Officer, 9th MEU

Subj: RECONCILIATION OF SABRS FINANCIAL REPORTS CYCLE # 9001

1. The subject cycle has been reconciled in accordance with the reference.

2. The following reflects the status of funds based on application of memorandum records.

a. Authorization (BEAMR).....	__176000.00__
b. Available Balance (BEAMR).....	__47500.00__
c. Authorizations not posted.....	__10000.00__
d. Adjusted available balance (2.b +/- 2.c)	__57000.00__
e. Commitments (Pending and Posted)	__(20000.00)_
f. Pending obligations.....	__30000.00__
g. Total Unobligated documents (2.e +/- 2.f)	__10000.00__
h. Current available balance (2.d +/- 2.g)..	__47000.00__

\_\_\_\_\_  
(SIGNATURE)

(1) Using the latest DFPBR035 - BEA (Budget Execution Activity) Management Report, enter the authorization amount on the line **"AUTHORIZATIONS TO DATE"** (line 2.a.) of the reconciliation report. Enter the available balance amount on the line **"UNOBL BAL TO DATE"** (line 2.b.) of the reconciliation report. Next, verify the **"AUTHORIZATIONS TO DATE"** amount against your latest authorization letter in your posted authorization file. If the two do not agree, you probably have an amendment to your authorization that has not posted to the official accounting records. Check your pending authorization folder, enter the amount of the authorization letter that has not posted to the official accounting records on the line **"AUTHORIZATION NOT POSTED"** (line 2.c.) of the reconciliation report. To get your **"ADJUSTED AVAILABLE BALANCE"** (line 2.d.) compute the difference between line 2.b. and 2.c.

(2) Next, enter the total amount of all documents held in the pending and posted commitment file on the line **"RESERVATION (PENDING AND POSTED)"** (line 2.e.).

(3) Enter the total amount of all pending obligations on the line **"PENDING OBLIGATIONS"** (line 2.f.).

(4) Enter the sum of line 2.e. and 2.f. on the line **"TOTAL UNOBLIGATED DOCUMENTS"** (line 2.g.).

(5) Enter the current available balance on the line **"CURRENT AVAILABLE BALANCE"** (line 2.h.) by taking the amount on line 2.d. and subtracting (debit amounts) or adding (credit amounts) to the amount shown on line 2.g. This final figure is the amount of funds the BEA has to spend, regardless what SABRS has for a balance.

(6) The final step is to complete the remainder of the reconciliation report by completing the date, cycle number and report number. The cycle number is copied directly off the Daily transaction Journal Report that you are working. The report number is the next sequential number of your reconciliation reports (you can do one or more reconciliation reports for a particular cycle). Finally, sign and file your completed report.

REFERENCE:

1. MCO P7300.20
2. SABRS Users Manual (Spending/Batch Reports)
3. DOD 7000.14R DoD Financial Management Regulations